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The AGRICULTURAL OUTLOOK DIGEST

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Another billion bushel wheat crop is possible in 1948.

December winter wheat report, first on the new crop, set winter wheat seedings at 58,648,000 acres, a new record. Production was estimated at 839 million bushels--assuming normal development through harvest. If farmers plant as many acres to spring wheat in 1948 as in 1947 and yields are average, a total crop of over one billion bushels is possible. This would be one of the six largest in history and would again permit large exports.

Final 1947 crop report showed wheat production to be 42 million bushels below November estimate. Because of the decline, 1947-48 supply is now set at 1,449 million bushels. If 850 million bushels are used in U. S., including 250 millions for feed, 600 millions would be left for export and carryover.

U. S. could export 450 million bushels and still have about 150 millions in stock next July 1. Exports of 450 million bushels would be by far the largest ever shipped by one Nation in a single year; and more than half of the 865 millions expected to enter world trade in 1947-48.

Rising prices and aid to Europe continue to hold the spotlight in the U. S. economic scene.

The BLS wholesale price index has risen about 8 percent since general price advance began last summer. The index of consumer prices advanced slightly in November and probably continued to gain in December.

Farmers are paying more for things they buy. The index of prices paid by farmers including interest and taxes in December was a record 245, 4 points above November and 33 above a year earlier.

Prices received by farmers moved up sharply. The index was 301 in December, 14 points above a month earlier, 12 above the October record, 37 above December 1946. Average prices of wheat, oats, barley and cottonseed set new records; dairy product prices were second only to those of December 1946; eggs were higher than in any other December since 1920; meat animal prices averaged higher than in any other December on record. In contrast to the general trend, fruit prices again declined and were 29 percent below a year earlier.

Since prices farmers received advanced more than those paid, the parity ratio rose four points to 123. However, ratio is two points below December 1946; 10 points below the October 1946 record.

There is little indication of a weakening in the forces supporting farm prices in the next few months.

Industrial production again expanded in November with the Federal Reserve index reaching a new peace-time record of 192. Employment dropped from 59.2 in October to 58.6 millions in November with all of the loss in farm workers. Unemployment stayed at the low figure of 1.7 million.

Incomes continue high. Farmers received around 30 billion dollars from farm marketings in 1947; about 340 millions from government payments. Total is 19 percent above last year. Salary and wage payments, boosted by full employment and rising wages, was at an annual rate of 125 billions in October, half a billion above September.

The value of U. S. exports in the third quarter was 3,588 million dollars compared with 4,100 millions in the second quarter and 3,682 millions in the first. Agricultural exports in the third quarter were valued at 871 million dollars, below both the 1,027 millions in the second quarter and the 1,063 millions in the first.

Cotton and tobacco accounted for nearly all of decline in agricultural exports. Tobacco exports dropped from 93 million dollars in the first quarter to 53 millions in the third. In the same period, cotton exports slumped from 169 million dollars to 33 millions.

Third quarter fall in exports had little effect on economy because of greater domestic spending for consumer goods, construction and business inventories.

The 540 million dollars appropriated under Foreign Aid Act for assistance to France, Italy, Austria and China will tend to check further decline in agricultural exports in first part of 1948. Later, U. S. exports will depend largely on action taken on long range European Recovery Program.

FARM REAL ESTATE Value of U. S. farm real estate rose one percent during four months ending November 1, 1947 and was 97 percent above 1935-39 average and only 4 percent below 1920 peak. Sharpest increases were in the spring wheat area. California, Florida, Virginia and Michigan showed slight decreases.

LIVESTOCK AND PRODUCTS Wholesale meat prices have declined seasonally in October and November after setting new records in September. Prices turned upward in late December, despite the fact that output was seasonally large.

Farmers reported in December that they plan to breed about 7,732,000 sows to farrow next spring, about 11 percent less than a year earlier. If an average number of pigs per litter are saved, spring crop will be about 9 percent below 1947.

From now until May or June, farmers' prices for milk are likely to average moderately higher than in 1946-47. Prices of manufactured dairy products probably will continue above a year earlier with butter relatively higher than the others.

In November and December, prices of eggs averaged 10 to 20 percent above the last two months of 1946. As production increases this winter and spring, prices probably will decline to support levels which will be at least as high as actual returns in 1947.

Prices of chickens and turkeys rose in December. Chicken prices probably will rise further as red meat and chicken slaughter declines.

FEED GRAINS Because of strong demand and below-average marketings, corn prices gained about 25 cents a bushel in November and early December. In early December, prices of feed grains and many byproducts were at or near a record. Prices of concentrates are expected to be highest in late winter and early spring when corn and oats marketings will be seasonally small.

Hog-corn price ratio was well below average in November and early December in contrast to very favorable ratio for hog producers last winter.

FATS AND OILS Prices of most fats and oils continued to rise in November. Butter continued to climb in the first half of December; inedible tallow, grease, and coconut oil fell off sharply; most other prices were unchanged or down slightly.

FRUITS AND VEGETABLES Supplies of fruit are a little larger than last winter. Exports through spring are expected to be well below the first half of 1947. As a result, fruit prices probably will stay below a year earlier.

The Department of Agriculture has bought about 190,000 tons of dried fruit, mostly raisins and prunes. This is about one-third of 1947 output.

Commercial vegetable production in the first three months of 1948 is expected to be about 8 percent above same months of 1947; 26 percent above average. Prices probably will rise moderately through March.

Marketings of potatoes from storage may be heavy in January and prices may fall to support level. Prices then are expected to advance gradually through early spring.

The January-March crop of potatoes is estimated at 1.2 million bushels compared with 1.3 million in 1947 and the 1937-46 average of 1.5 millions.

COTTON Sharp advance in cotton prices that started in November continued in December. On December 13, middling 15/16 inch averaged 36.24 cents in the spot markets, up 3.26 cents from a month earlier.

Rate at which cotton went into CCC loan declined as prices rose. On December 5, however, loans had been made on 179,448 bales compared with 61,000 bales a year earlier.

WOOL Because of strong foreign demand, prices of fine wools stayed high in foreign markets in November and early December. Prices of medium and coarse grades also were generally firm.

TOBACCO Demand for burley has been strong and prices for auction sales through December averaged 48.8 cents a pound compared with 40.8 cents in the same period last year. Through December, prices of Virginia fire-cured, type 21, averaged 27.4 cents a pound compared with 31 cents last year. Dark air-cured averaged 25.5 cents through December compared with 23 cents last year.